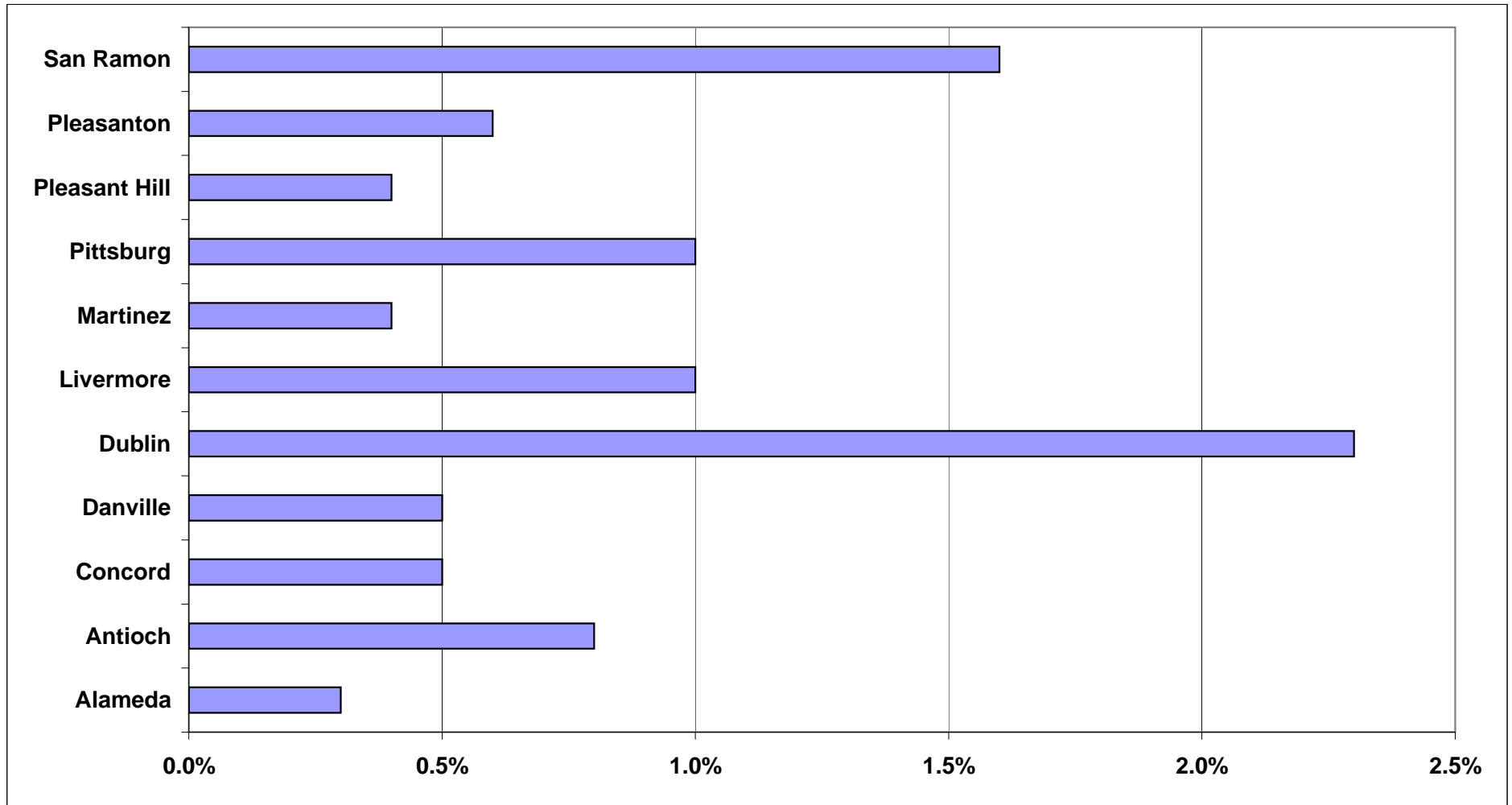




# City of Alameda Budget and Forecast

## Percent Change in Population - Selected Cities

### Department of Finance Comparision between 2011 and 2010



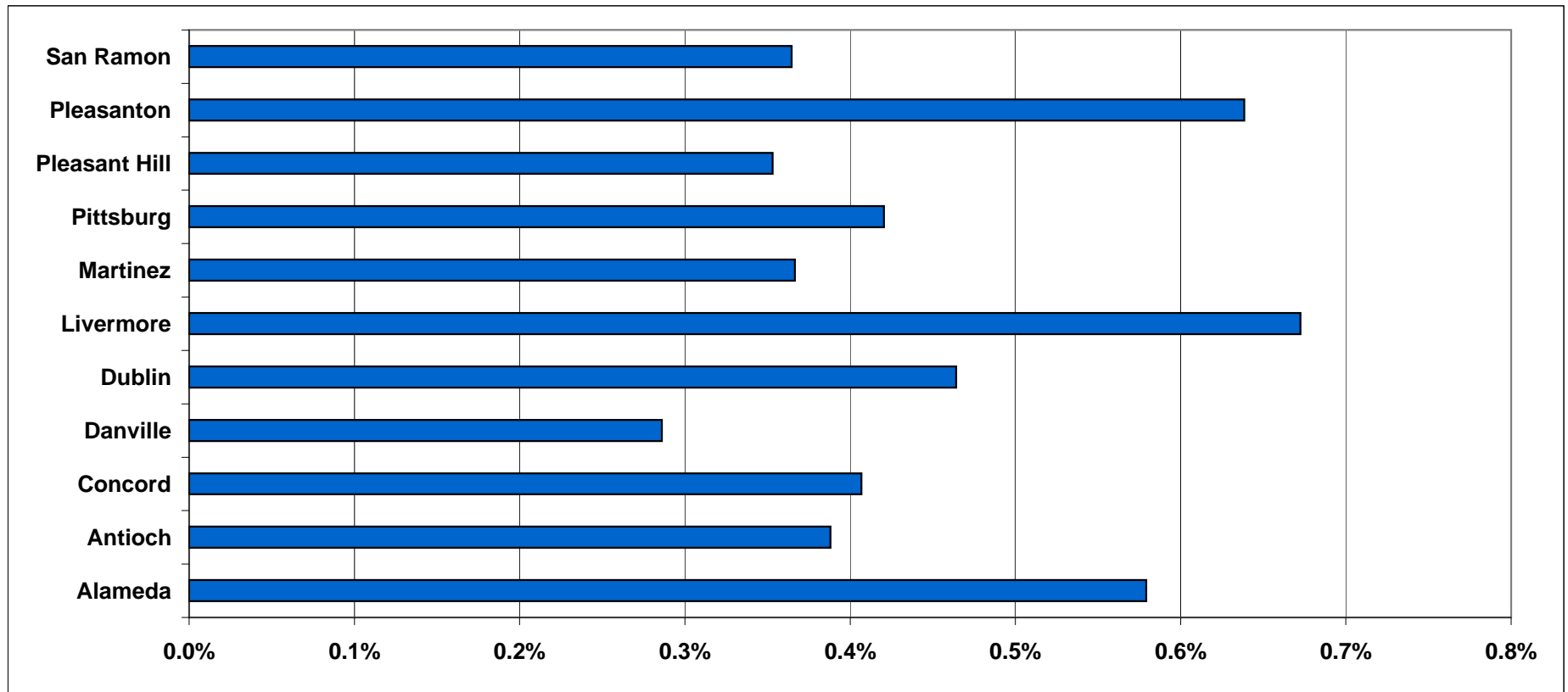
|            | Alameda | Antioch | Concord | Danville | Dublin | Livermore | Martinez | Pittsburg | Pleasant Hill | Pleasanton | San Ramon |
|------------|---------|---------|---------|----------|--------|-----------|----------|-----------|---------------|------------|-----------|
| Population | 74,081  | 103,054 | 122,676 | 42,215   | 46,743 | 81,687    | 35,958   | 63,730    | 33,279        | 70,643     | 73,109    |
| % Change   | 0.3%    | 0.8%    | 0.5%    | 0.5%     | 2.3%   | 1.0%      | 0.4%     | 1.0%      | 0.4%          | 0.6%       | 1.6%      |



# City of Alameda Budget and Forecast

## Employees Per Capita Comparison - Selected Cities

### Fiscal Year 2010-11

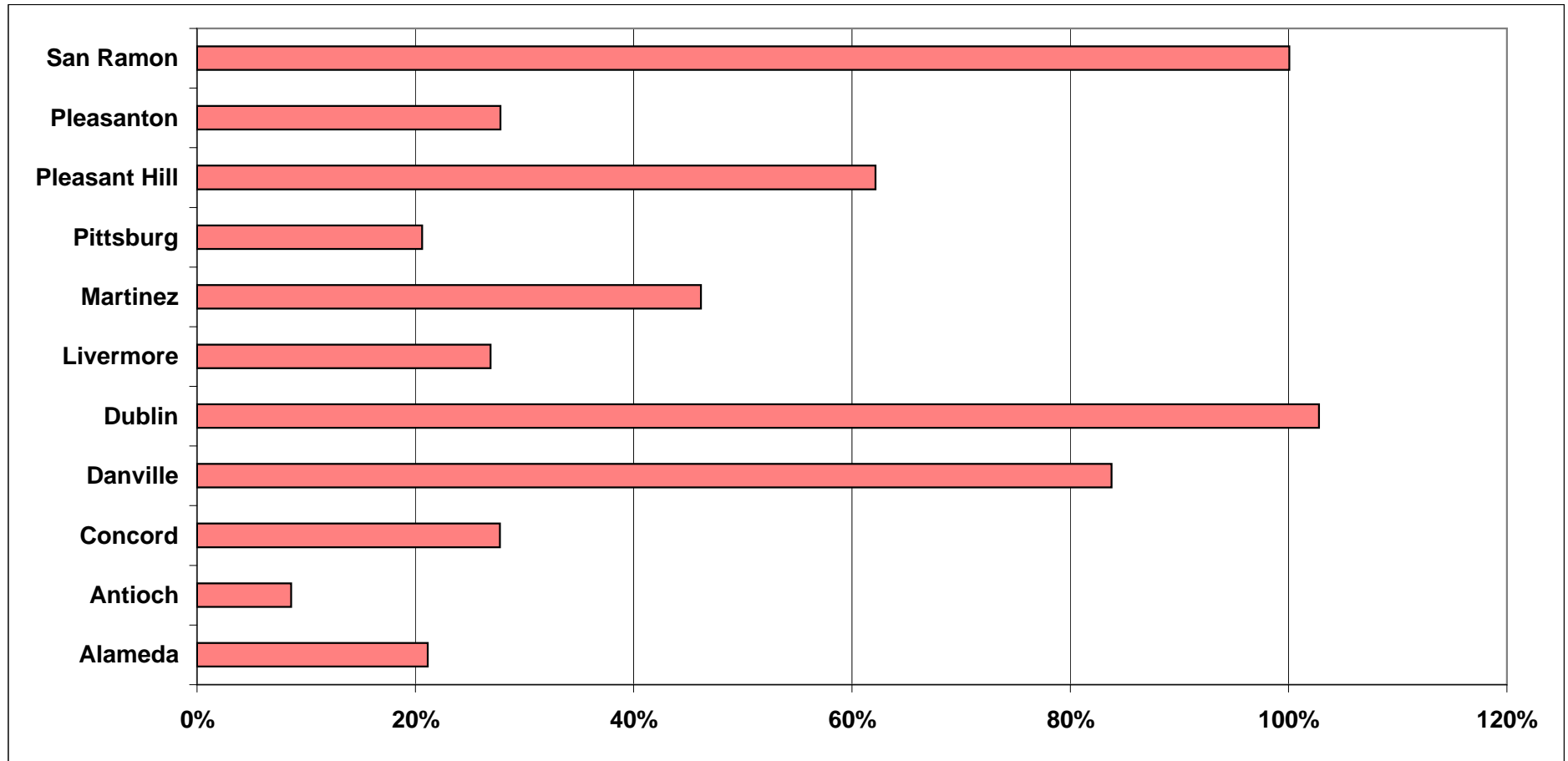


|                      | Alameda | Antioch | Concord | Danville | Dublin | Livermore | Martinez | Pittsburg | Pleasant Hill | Pleasanton | San Ramon |
|----------------------|---------|---------|---------|----------|--------|-----------|----------|-----------|---------------|------------|-----------|
| Administration       | 41      | 52      | 83      | 17       | 18     | 55        | 14       | 48        | 16            | 45         | 27        |
| Public Services/CDD  | 105     | 89      | 167     | 53       | 66     | 161       | 46       | 70        | 41            | 96         | 130       |
| Police               | 137     | 185     | 220     | 34       | 62     | 155       | 55       | 99        | 61            | 121        | 76        |
| Recreation / Library | 44      | 18      | 20      | 18       | 31     | 0         | 0        | 18        | 0             | 87         | 34        |
| Fire                 | 102     | 56      | 9       | 0        | 41     | 178       | 17       | 33        | 0             | 103        | 0         |
| Total FTE employees  | 429     | 400     | 499     | 121      | 217    | 549       | 132      | 268       | 118           | 451        | 267       |
| Population           | 74,081  | 103,054 | 122,676 | 42,215   | 46,743 | 81,687    | 35,958   | 63,730    | 33,279        | 70,643     | 73,109    |
| Employees Per Capita | 0.6%    | 0.4%    | 0.4%    | 0.3%     | 0.5%   | 0.7%      | 0.4%     | 0.4%      | 0.4%          | 0.6%       | 0.4%      |



## City of Alameda Budget and Forecast

### Available General Fund Reserves Comparison - Selected Cities As a Percentage of Expenditures (Fiscal Year 2010-11)



| (\$ in millions)          | Alameda | Antioch | Concord | Danville | Dublin | Livermore | Martinez | Pittsburg | Pleasant Hill | Pleasanton | San Ramon |
|---------------------------|---------|---------|---------|----------|--------|-----------|----------|-----------|---------------|------------|-----------|
| Expenditures              | 71      | 51      | 78      | 16       | 55     | 80        | 19       | 31        | 18            | 85         | 37        |
| Unreserved Fund Balance * | 15      | 4       | 22      | 14       | 57     | 21        | 9        | 6         | 11            | 24         | 37        |
| % of Expenditures         | 21%     | 9%      | 28%     | 84%      | 103%   | 27%       | 46%      | 21%       | 62%           | 28%        | 100%      |

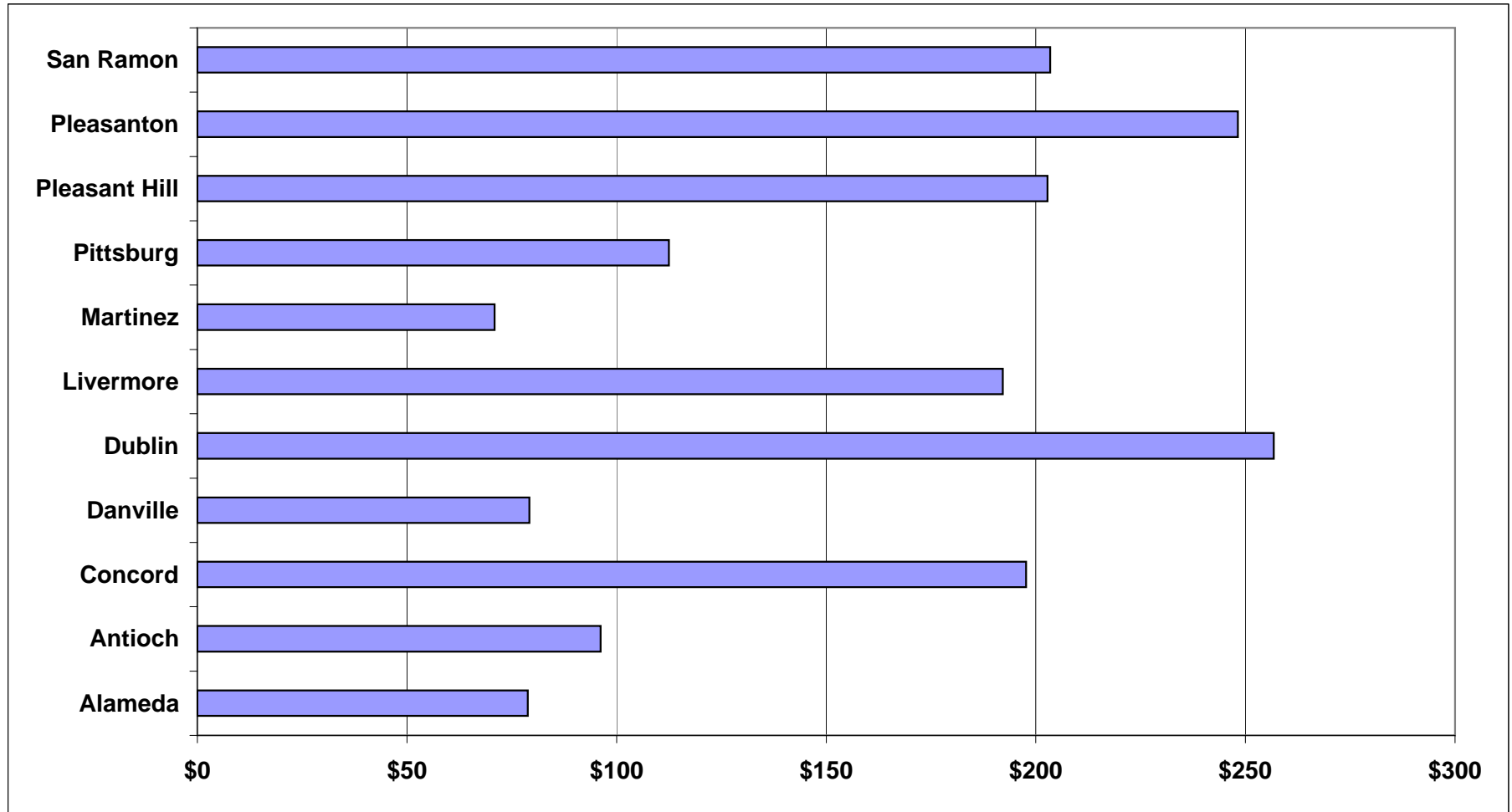
\* Excludes portion designated for capital projects



## City of Alameda Budget and Forecast

### Employees Per Capita Comparison - Selected Cities

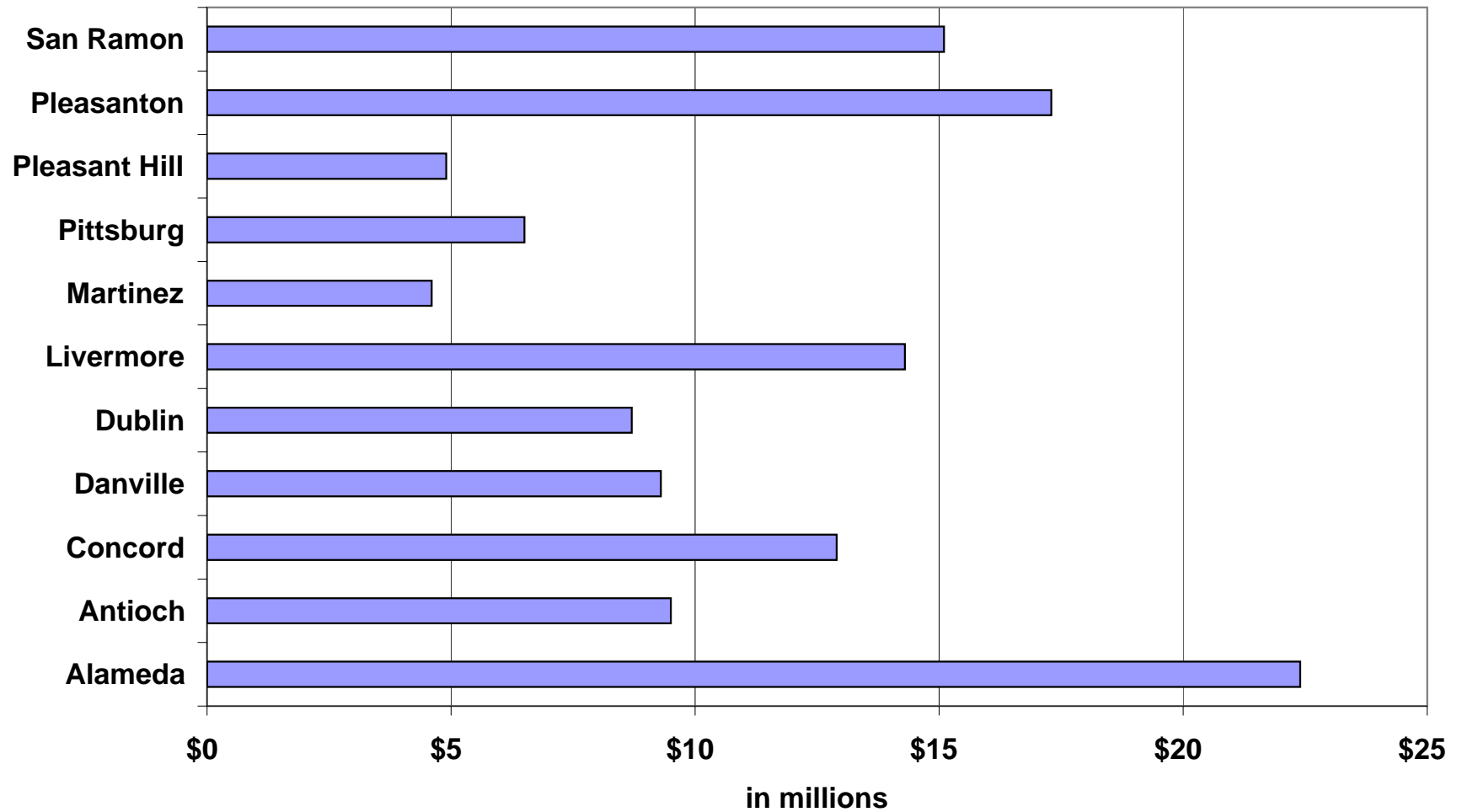
#### Fiscal Year 2010-11



|                                | Alameda | Antioch | Concord | Danville | Dublin | Livermore | Martinez | Pittsburg | Pleasant Hill | Pleasanton | San Ramon |
|--------------------------------|---------|---------|---------|----------|--------|-----------|----------|-----------|---------------|------------|-----------|
| <b>Sales Tax (in millions)</b> | 6       | 10      | 24      | 3        | 12     | 16        | 3        | 7         | 7             | 18         | 15        |
| <b>Population</b>              | 74,081  | 103,054 | 122,676 | 42,215   | 46,743 | 81,687    | 35,958   | 63,730    | 33,279        | 70,643     | 73,109    |
| <b>\$ Per Capita</b>           | 79      | 96      | 198     | 79       | 257    | 192       | 71       | 112       | 203           | 248        | 203       |



# City of Alameda Budget and Forecast Property Tax Comparison - Selected Cities General Fund Portion - Fiscal Year 2010-11



| (\$ in millions) | Alameda | Antioch | Concord | Danville | Dublin | Livermore | Martinez | Pittsburg | Pleasant Hill | Pleasanton | San Ramon |
|------------------|---------|---------|---------|----------|--------|-----------|----------|-----------|---------------|------------|-----------|
| Property Taxes   | 22      | 10      | 13      | 9        | 9      | 14        | 5        | 7         | 5             | 17         | 15        |



# City of Alameda, California

## People and Places in the City







# City of Alameda Budget and Forecast

## Budget Process / Basis of Accounting

### **Summary of Budget Process / Timeline**

The City of Alameda operates on a fiscal year basis that begins on July 1 of each year, and ends the following year on June 30. The City Manager's Office and Finance Division manage the budget process, with support from each of the operating departments. The preparation of the budget takes place between January through June, culminating with the adoption of the budget by the City Council, the Community Improvement Commission (CIC), and the Alameda Reuse and Redevelopment Authority (ARRA).

Public hearings and community workshops are conducted on the proposed budgets to review all appropriations and sources of financing. Budgeted expenditures are then adopted through the passage of a resolution. The budget represents the maximum authorized expenditures for the year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council. Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council.

See the detailed budget preparation calendar for the City in the Appendix for additional details on this process.

### **Basis of Budget and Accounting**

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) as adapted by the Governmental Accounting Standards Board (GASB) and in accordance with standards established by the California Society of Municipal Finance Officers (CSMFO) and Government Finance Officers Association (GFOA).

The accounting policies of the City conform to generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

All governmental funds (i.e. General, Special Revenue Capital Projects and Redevelopment Agency Funds) are accounted for on the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period when the liability is incurred.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year. Beginning with FY 11-12, the commitments will be reappropriated and honored in the subsequent year.

Proprietary funds (i.e. Enterprise and Internal Service Funds) are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized when the liability is incurred.



## City of Alameda Budget and Forecast

### Financial and Debt Policies

In planning for and preparing the annual budget, prudent fiscal decisions are made that will sustain the long-term health and well-being of the City organization. Accordingly, the City Manager strives to make fiscal recommendations in the proposed budget that adhere to the following financial guidelines:

**Balanced Budget.** The annual budget shall balance resources with expenditure appropriations. The City Council requires the City Manager to control expenses so that department expenditures do not exceed the levels that are appropriated in the annual budget and for which the City has funds to support.

**Pursuit of New Revenues/Maximizing Use of Non-General Fund Revenues.** City departments shall pursue revenue sources, when reasonable, in support of department goals. Departments will maximize use of non-General Fund revenues prior to using General Fund revenues to fund programs.

**Use of "One-Time" Funds.** City Council policy states that one-time revenues shall be dedicated for use as one-time expenditures. Annual budgets are not increased to the point that ongoing operating costs become overly reliant on cyclical or one-time revenues sources. During periods of economic downturn or any significant State "take-aways", the use of one-time sources of funds may be used to ease the transition to downsized and/or reorganized operations.

**Cost Recovery through Fees.** Departments must utilize fees to recover costs where reasonable, once all cost-saving options have been explored. There must be statutory authority for the City to levy a fee, and the fee must be approved by the City Council. If permissible by law, fees and charges shall recover costs of the services provided, unless otherwise directed by the City Council. Programs funded by charges for services, fees, grants, and special revenue sources should pay their full or fair share of all direct and indirect costs to the extent feasible and legally permitted.

**Grants.** Any new grant award that requires funds/matching requirements or other commitments must be reviewed by the City Manager. The City Manager reviews and approves any proposed allocation of grant monies before departmental submission of the grant application to the granting agency. When applying for grants for ongoing programs, as opposed to planning or capital grants, departments must consider funding to be provided for the duration of the program. To the extent legally possible, all grant applications should be based on full costing, including overhead and indirect costs. Unless long-term funding is secure, departments should avoid adding staff to support new grant supported programs. If it is necessary to add staff, limited term positions should be used.

**Interest Earnings.** Unless otherwise prohibited by law or Generally Accepted Accounting Principals (GAAP), interest earnings in operating funds are allocated to each fund semi-annually, based upon its proportionate share of idle cash invested. City Council policy cautions against undue reliance on interest earnings as a recurrent revenue source.

**Cost Allocation.** Overhead costs shall be allocated to all non General Fund funds, and department programs within funds based upon the cost allocation and implementation plan developed annually.

**Budget Reductions.** Reductions shall be evaluated on a programmatic basis to reach the appropriation levels required within available funding. When budget reductions are necessary, departments prioritize service programs and propose reductions in areas that have the least impact upon services to the community and the overall attainment of City goals. Departments also consider the potential effects on interrelated or cross-departmental programs when developing budget reductions.





## City of Alameda Budget and Forecast

### Financial and Debt Policies

**General Fund Support/Net City Cost.** General Fund Support is the amount of General Fund money allocated to a given program budget after revenues and other funding sources are netted against program expenditures. Significant variances from budgeted General Fund Support/Net City Cost amounts during the fiscal year may result in a recommendation to reduce expenditures to ensure that the budgeted net costs are achieved by fiscal year end.

**Debt Financing.** Debt is incurred for the purpose of financing capital projects cost effectively in those years in which the improvement will provide benefits. Debt is also incurred to reduce future costs such as refinancing (pension obligation bonds, general obligation bonds, certificates of participation) at lower interest rates. The City finances and administers debt consistent with an established City Council policy.

The City's Debt Policies are as follows:

- The City will limit the use of debt so as not to place a burden on the fiscal resources of the City and its taxpayers.
- The City will limit long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- When capital projects are financed, the City will amortize the debt within a period not to exceed the expected useful life of the project.
- An internal analysis will be conducted for each proposed long-term financing to analyze the impacts of the estimated annual debt service costs on current and future budgets
- External financial advisers and bond counsel will be consulted regarding each proposed bond issue. These parties will be selected in a manner consistent with the City's purchasing policy.
- The debt ratio (debt guaranteed by the General Fund) will not exceed the maximum allowed under State law.

To the extent resources are available, the City provides for the routine maintenance of City facilities and infrastructure from operating resources. The City attempts to fund capital projects with grants, impact fees, or other non-recurring resources. If these funding sources are insufficient, developing new funding sources using general revenues, operating surplus, capital reserves or leveraging these resources through long-term debt is pursued.

**General Fund Balance.** General Fund fund balance that is available at the close of any given fiscal year is estimated during the final stages of the budget development process for the following fiscal year. Fund balance is used to achieve and maintain the City's reserve goals, and to balance subsequent budgets only when recommended by the City Manager, and approved by the City Council. It is the policy of the City Council to maintain available General Fund reserves of at least 20% of its annual expenditures and that the City should strive to reduce its reliance upon prior year's remaining fund balance to finance subsequent year operations.

**Contingency Reserves.** In the General Fund, the City shall strive to maintain a minimum of \$200,000 of its operating budget in budgeted contingency. Contingency should be used to support economic uncertainties, one-time operating cost increases, special studies or reports necessary to fulfill the organization's mission.



## City of Alameda Budget and Forecast Budget Calendar

- Budget kickoff meeting – January
- Distribution of December Interim Financial Reports – January
- Budget presentations to Executive Team – January through May
- Submission of capital budget project sheets – January through March
- Budget items due to Finance – March
  - Budget worksheets addressing base budget request
  - Budget document program pages addressing proposed base budget
- Presentation of Mid-Year Report to City Council – March
- Finance reviews budget worksheets for accuracy and completeness – March through May
- First draft of recommended capital budget / CIP – April
- Updates to fees & charges for programs – May
- Proposed program budget changes due to Finance – March
- Administrative Services meets with departments regarding 2010-12 budget – April
- Budget Executive Team reviews proposed budget options – April through May
- Special budget study session with City Council – May
- Public Hearing on adoption of budget and Gann Limit - June



## City of Alameda Budget and Forecast

### Proposition 4 (Gann Limit) Analysis

Section 7910 of the California Government Code and Article XIII B of the California Constitution (commonly referred to as the "Gann Limit") restrict the amount of revenue that cities can appropriate in any fiscal year. Annually, the City must adopt a resolution to approve the appropriations limit based on actual appropriations in FY 78-79, adjusted by a.) the greater of growth in California per capita income or the percentage change in the local assessment roll from the preceding year due to the addition of new nonresidential construction in the City, and b.) the greater of the growth in City or County population.

Section 37200 requires that the Gann limit and the total appropriations subject to the limitation be published in the annual budget. The City's limitation is calculated annually and was adopted by City Council resolution on June 28, 2011, as part of its annual operating budget. Below is the calculation:

1. California Per Capita Personal Income Change converted to a ratio: 1.0251  
(The % change resulting from new non nonresidential construction was not available)

2. Population Change converted to a ratio  
(Greater of the Change in City (0.47%) and County (0.79%) Population 1.0079

Calculation of factor for FY10-11 1.0251 x 1.0079 = 103.32%

F10-11 Appropriations Limit \$ 83,029,235

FY11-12 Appropriations Limit \$ 85,785,664

FY11-12 Revenues subject to Appropriations Limit \$ 49,746,368

Unused Appropriations Limit \$ 36,039,296

For Fiscal Year 2011-2012, the City will continue to maintain a comfortable cushion between the appropriations limit and net proceeds of taxes. The following represents a trend analysis of the appropriations limit versus the net proceeds of taxes for the last five fiscal years, which shows that the City should remain under its appropriations limit well into the future.

|                                | 2007-08    | 2008-09    | 2009-10    | 2010-11    | 2011-12    |
|--------------------------------|------------|------------|------------|------------|------------|
| <b>Appropriations Limit</b>    | 78,285,106 | 82,713,068 | 84,266,213 | 83,029,235 | 85,785,664 |
| <b>Net Proceeds from Taxes</b> | 53,203,359 | 52,288,125 | 42,876,149 | 44,066,110 | 49,746,368 |
| <b>Difference</b>              | 25,081,747 | 30,424,943 | 41,390,064 | 38,963,125 | 36,039,296 |
| <b>% of Limit</b>              | 67.96%     | 63.22%     | 50.88%     | 53.07%     | 57.99%     |

Additional appropriations to the budget funded by non-tax sources such as beginning fund balances, grants, or service charges are unaffected by the appropriations limit. However, any supplemental appropriations funded through increased tax sources are subject to the appropriations limit and can not exceed the difference noted above. Any overall actual receipts from tax sources greater than the variance would result in taxes in excess of the appropriations limit and would require refunds of the excess in the next two years or voter approval of an increase in the appropriations limit.



# City of Alameda Budget and Forecast

## Budgeted Debt Obligations

The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the term of the related debt. Bond discounts and issuance costs of long-term debt issues are amortized during the life of the related debt.

The City's long-term debt balances as of June 30, 2010, are as follows:

|   | Balance<br>June 30, 2009 | Retirements        | Balance<br>June 30, 2010 | Current<br>Portion |
|---|--------------------------|--------------------|--------------------------|--------------------|
| <b>Governmental Activity Debt:</b>                            |                          |                    |                          |                    |
| <b>Certificates of Participation:</b>                         |                          |                    |                          |                    |
| 2002 City Hall  | \$9,140,000              | \$410,000          | \$8,730,000              | \$425,000          |
| 2008 Refinancing Project                                      | 4,575,000                |                    | 4,575,000                | 410,000            |
| <b>Total Certificates of Participation</b>                    | <b>13,715,000</b>        | <b>410,000</b>     | <b>13,305,000</b>        | <b>835,000</b>     |
| 2003 General Obligation Bonds                                 | 9,775,000                | 195,000            | 9,580,000                | 205,000            |
| Equipment Purchase Agreements                                 | 195,132                  | 195,132            |                          |                    |
| Leases Payable  | 269,439                  | 67,359             | 202,080                  | 67,360             |
| Other Loans Payable   | 145,300                  | 40,000             | 105,300                  | 40,000             |
| <b>Subtotal</b>   | <b>24,099,871</b>        | <b>907,491</b>     | <b>23,192,380</b>        | <b>1,147,360</b>   |
| <b>CIC Long-Term Debt:</b>                                    |                          |                    |                          |                    |
| 1992 Revenue Bonds  | 1,295,000                | 150,000            | 1,145,000                | 160,000            |
| 2002 Series A & B Subordinate Taxable<br>Tax Allocation Bonds | 2,290,000                | 675,000            | 1,615,000                | 760,000            |
| 2003 Tax Allocation Refunding Bonds                           | 17,455,000               | 465,000            | 16,990,000               | 490,000            |
| 2003 Tax Allocation Bonds, Series A1, A2 & B                  | 46,155,000               | 75,000             | 46,080,000               | 90,000             |
| 2006 CRA/ERAF Loan Program                                    | 530,000                  | 65,000             | 465,000                  | 65,000             |
| HUD Section 108 Loan  | 7,000,000                | 152,000            | 6,848,000                | 157,000            |
| <b>Total CIC</b>  | <b>74,725,000</b>        | <b>1,582,000</b>   | <b>73,143,000</b>        | <b>1,722,000</b>   |
| <b>ARRA Long-Term Debt:</b>                                   |                          |                    |                          |                    |
| 2003 ARRA Demand Revenue Bonds                                | 12,900,000               | 300,000            | 12,600,000               | 300,000            |
| <b>Total Governmental Activity Debt</b>                       | <b>\$111,724,871</b>     | <b>\$2,789,491</b> | <b>\$108,935,380</b>     | <b>\$3,169,360</b> |
| <b>Business Activity Debt:</b>                                |                          |                    |                          |                    |
| 1995 Certificates of Participation                            | \$3,030,000              | \$275,000          | \$2,755,000              | \$290,000          |
| State Construction Loan                                       | 102,054                  | 20,887             | 81,167                   | 21,596             |
| State Water Resources Control Board                           | 1,211,404                | 120,223            | 1,091,181                | 123,590            |
| State Revolving Fund Loan, 1998                               | 1,292,388                | 114,829            | 1,177,559                | 117,814            |
| State Revolving Fund Loan, 1999                               | 629,314                  | 49,899             | 579,415                  | 51,245             |
| State Revolving Fund Loan, 2004                               | 1,187,405                | 71,399             | 1,116,006                | 73,255             |
| Equipment Purchase Agreements                                 | 390,950                  | 131,967            | 258,983                  | 140,133            |
| <b>Total Business Activity Debt</b>                           | <b>\$7,843,515</b>       | <b>\$784,204</b>   | <b>\$7,059,311</b>       | <b>\$817,633</b>   |
| <b>Total City Debt</b>  | <b>\$119,568,386</b>     | <b>\$3,573,695</b> | <b>\$115,994,691</b>     | <b>\$3,986,993</b> |



# City of Alameda Budget and Forecast

## Budgeted Debt Obligations

Annual debt service requirements are shown below for all long-term debt:

| For the Year<br>Ending June 30 | Governmental Activities |                     | Business-Type Activities |                    | Discretely Presented Component Units |                    |                          |                     |
|--------------------------------|-------------------------|---------------------|--------------------------|--------------------|--------------------------------------|--------------------|--------------------------|---------------------|
|                                |                         |                     |                          |                    | Governmental Activities              |                    | Business-Type Activities |                     |
|                                |                         |                     |                          |                    | Housing Authority                    |                    | Alameda Municipal Power  |                     |
|                                | Principal               | Interest            | Principal                | Interest           | Principal                            | Interest           | Principal                | Interest            |
| 2011                           | \$3,169,360             | \$5,242,039         | \$817,633                | \$254,880          | \$354,362                            | \$636,764          | \$2,247,827              | \$2,383,335         |
| 2012                           | 3,364,360               | 5,090,891           | 821,892                  | 219,428            | 374,867                              | 620,256            | 1,032,378                | 2,329,638           |
| 2013                           | 3,546,660               | 4,924,985           | 728,877                  | 193,510            | 396,560                              | 602,798            | 1,150,781                | 2,262,126           |
| 2014                           | 3,604,000               | 4,760,415           | 745,297                  | 165,578            | 419,508                              | 584,334            | 1,169,386                | 2,193,356           |
| 2015                           | 3,881,000               | 4,499,699           | 756,761                  | 138,345            | 443,785                              | 564,807            | 1,288,204                | 2,117,057           |
| 2016-2020                      | 20,298,000              | 19,825,702          | 2,897,526                | 274,142            | 2,635,260                            | 2,489,428          | 7,393,330                | 9,318,422           |
| 2021-2025                      | 25,565,000              | 14,607,169          | 291,325                  | 15,287             | 3,491,649                            | 1,802,022          | 9,965,000                | 6,636,563           |
| 2026-2030                      | 27,157,000              | 8,293,211           |                          |                    | 4,500,800                            | 908,119            | 13,935,000               | 2,928,479           |
| 2031-2035                      | 18,350,000              | 1,841,240           |                          |                    | 2,546,294                            | 143,453            | 3,365,000                | 21,994              |
| 2036-2040                      |                         |                     |                          |                    | 48,618                               |                    |                          |                     |
| 2041-2045                      |                         |                     |                          |                    | 43,684                               |                    |                          |                     |
| 2046-2050                      |                         |                     |                          |                    | 36,934                               |                    |                          |                     |
| 2051-2055                      |                         |                     |                          |                    | 213,151                              |                    |                          |                     |
| 2056-2060                      |                         |                     |                          |                    | 627,909                              |                    |                          |                     |
| Total                          | <u>\$108,935,380</u>    | <u>\$69,085,351</u> | <u>\$7,059,311</u>       | <u>\$1,261,170</u> | <u>\$16,133,381</u>                  | <u>\$8,351,981</u> | <u>\$41,546,906</u>      | <u>\$30,190,970</u> |

The following provides a description of each of the City's, CIC's and ARRA's Long-Term Debt Issues.

### City Obligations

#### 2002 City Hall Refinancing Project Certificates of Participation

The City issued Certificates of Participation in the original principal amount of \$11,370,000, bearing interest at 2.25-4.75%, on September 10, 2002, in order to refund the City's outstanding \$10,565,000 1995 City Hall Seismic Upgrade and Renovation Project Certificates of Participation. The 1995 COP was to finance the seismic upgrade and renovation of City Hall and certain fire station facilities under a non-cancelable lease of these facilities extending to May 1, 2025. Under this lease, the City makes semi-annual payments May 1 and November 1 from vehicle licensing fees, which are sufficient to pay the principal and interest on the 2002 Certificates of Participation. Ownership of the leased premises reverts to the City at the end of the lease. The balance of debt evidenced by the 2002 Certificates of Participation has been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at conclusion of the lease term. Principal and interest are payable semi-annually each November 1 and May 1 through 2025.

The refunding proceeds of the 2002 Bonds were used to purchase non-callable US government securities, which were deposited in an irrevocable trust to provide for all future debt service payments of 1995 COPs. Accordingly, the trust account assets and the liability for the refunded portion of the 1995 COPs are not included in the financial statements.

#### 2008 Refinancing Project Certificates of Participation

In July 2008, the City Council authorized the issuance of the Certificates of Participation (2008 Refinancing Project) in the amount of \$4,575,000 to refinance the 1996 Police Building Refunding and Equipment Financing Certificates of Participation and the 1996 Library and Golf Course Upgrade and



## City of Alameda Budget and Forecast

### Budgeted Debt Obligations

Renovation Certificates of Participation. The 2008 Certificates bear interest rates from 4% to 5% which are payable semi-annually in May and November. The City's principal payments began on May 1, 2011.

#### 2003 General Obligation Bonds

On November 7, 2000, the voters approved the issuance of General Obligation Bonds, which the City issued on March 25, 2003, in the principal amount of \$10,600,000, in addition to a reoffering premium of \$268,000, to finance the acquisition and construction of a new main library and improvements to two branch libraries within the City. The bonds bear interest at 2.00-5.00%. The repayment of the bonds is secured by all non-restricted revenue of the City. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1, through August 1, 2033.

#### Lease Payable

On April 1, 2003, the City entered into a non-cancelable lease agreement in the amount of \$674,467 with Bank of Alameda to acquire two fire trucks. The City agreed to pay the lease in quarterly payments of \$21,597 for ten years. Ownership of the fire trucks reverts to the City at the end of the lease term. Since the lease is in essence a financing arrangement, the costs of the fire trucks and the amount of the lease term have been included in the City's financial statements. The balance of the lease as of June 30, 2010, was \$202,080.

#### Other Loans Payable

The City entered into a loan with Alameda Municipal Power for the replacement of deteriorated street lights. Through June 30, 2010, Alameda Municipal Power had expended \$627,300 for street light replacement, and the City had made payments of \$522,000. Annual installments of \$40,000 are scheduled until the loan is repaid. At June 30, 2010, the outstanding balance was \$105,300.

### **City Business Activity Debt**

#### 1995 Sewer System Refinancing & Improvement Certificates of Participation

On December 14, 1995, the City issued Certificates of Participation in the original principal amount of \$5,850,000, bearing interest at 4.05-5.15%. Of this amount, \$5,035,792 of the proceeds plus \$434,355 from the 1988 refunded debt reserves were used to establish an escrow account for principal and interest payments on the 1988 refunded debt through March 1, 1998, and to redeem the 1988 COPs at 103% on March 1, 1998. The remaining \$815,000 of the proceeds will be used for new Sewer Fund Projects relating to the closure of the Alameda Naval Air Station. The COPs mature on March 1, 2018. The installment payments are made from the net revenues of the Sewer Fund.

The pledge of future net revenues terminates upon repayment of the \$2,755,000 in remaining debt service on the City's Sewer System Refinancing & Improvement Certificates of Participation Bonds, which is scheduled to occur in 2018. As disclosed in the originating offering documents, projected net revenues are expected to provide coverage over debt service of 1.2 over the life of the Bonds. For FY 09-10, Sewer Fund Revenues, including operating revenues and non-operating interest earnings, amounted to \$6,365,273. Operating costs, including operating expenses and excluding interest, depreciation or amortizations, amounted to \$4,164,940. Net Revenues available for debt service amounted to \$2,200,333 which represented coverage of 5.21 over the \$422,713 in debt service.





## City of Alameda Budget and Forecast

### Budgeted Debt Obligations

#### State Construction Loans

On May 2, 1989, the City entered into a loan with the State of California State Water Resources Control Board for \$400,431 at 3.39% interest to construct facilities for the control and prevention of water pollution. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$24,349 through December 1, 2013. The balance as of June 30, 2010, was \$81,167.

On February 8, 1996, the City entered into a loan with the State of California State Water Resources Control Board for up to \$2,324,502 at 2.8% interest, of which all has been drawn down. The purpose of the loan is to provide funding to install sanitary sewer facilities. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$154,144 through August 5, 2017. The balance as of June 30, 2010, was \$1,091,181.

The City entered into a contract on July 1, 1998, to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$2,292,025, of which all has been drawn down. This loan bears interest at 2.6% per year for a term of 20 years. The balance as of June 30, 2010, was \$1,177,759.

The City entered into a contract on September 29, 1999, to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,193,529 and bears interest at 2.7% per year for a term of 20 years. The balance as of June 30, 2010, was \$579,415.

The City entered into a contract on August 12, 2004, to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,840,292 and bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2010, was \$1,116,006.

#### Equipment Purchase Agreements

On April 18, 2001, the City entered into a non-cancelable lease agreement in the amount of \$404,934 with Textron Financial Corporation to acquire certain electric golf equipment. On April 5, 2004, the City traded-in the golf equipment in exchange for a new lease agreement with Textron Financial Corporation in the amount of \$444,077. On July 12, 2007, the City again traded in the golf equipment in exchange for a new non-cancelable lease agreement with Textron Financial Corporation in the amount of \$449,753. Under the new lease agreement the City agreed to pay \$8,879 for 49 months. Ownership of the golf equipment reverts to the City at the end of the lease. Since the lease is essentially a financing agreement, the cost of the golf equipment and the amount of the lease term have been included in the City's financial statements. The balance of the lease as of June 30, 2010, was \$200,446.

On May 7, 2003, the City entered into a non-cancelable lease agreement in the amount of \$948,040 with Bank of Alameda to acquire a telephone system. The City agreed to pay the lease in monthly payments of \$19,003 for 84 months. Ownership of the equipment reverts to the City at the termination of the lease. Since the lease is in essence a financing arrangement, the costs of the telephone system and the amount of lease have been included in the City's financial statements. The balance of the lease had been paid off as of June 30, 2010.



## City of Alameda Budget and Forecast

### Budgeted Debt Obligations

On October 15, 2006, the City entered into a lease agreement in the amount of \$200,609 with Wells Fargo Financial Leasing, Inc. to acquire various golf maintenance equipment. The City agreed to pay the lease in monthly payments of \$3,798 for 60 months. Ownership of the equipment reverts to the City at the termination of the lease. Since the lease is essentially a financing arrangement, the costs of the golf equipment and the amount of the lease have been included in the City's financial statements. The balance of the lease as of June 30, 2010, was \$58,537.

#### **CIC Long-Term Obligations**

##### 1992 Revenue Bonds

On April 1, 1992, the Alameda Public Financing Authority issued revenue bonds in the principal amount of \$2,740,000. The proceeds from the bond sale were used to refund the West End Improvement Project 1985 Tax Allocation Bonds. Commission tax increment revenue is pledged as repayment for these bonds. Principal and interest are payable semi-annually, each April 1 and October 1, through 2016.

The pledge of future tax increment revenues ends upon repayment of the \$1,671,380 in remaining debt service on the Community's Revenue Bonds, scheduled to occur in 2016. As disclosed in the bond indenture originating offering documents, pledged future tax increment revenues are expected to provide coverage over debt service of 2.5 over the life of the Bonds. For FY 09-10, tax increment revenues amounted to \$1,058,711, which represented coverage of 4.45 over the \$238,060 in current year debt service.

##### 2002 Community Improvement Commission Subordinate Taxable Tax Allocation Bonds

On March 1, 2002, the Community Improvement Commission issued Tax Allocation Bonds in the principal amount of \$4,640,000. Bond proceeds were used to repay a loan from the City to the Community Improvement Commission related to the Commission's Business and Waterfront Improvement Project. The bonds are payable from tax increment revenues received by the Project Area. Principal and interest are payable semi-annually on February 1 and August 1 through February 2012.

The pledge of future tax increment revenues ends upon repayment of the \$2,652,107 in remaining debt service on the Tax Allocation Bonds, scheduled to occur in 2012. As disclosed in the bond indenture, pledged future tax increment revenues are expected to provide coverage over debt service of 1.25 over the life of the Bonds. For FY 09-10, tax increment revenues amounted to \$7,903,570, which represented coverage of 9.31 over the \$848,769 in current year debt service.

##### 2003 Community Improvement Commission Tax Allocation Refunding Bonds

On October 1, 2003, the Community Improvement Commission issued Tax Allocation Refunding Bonds related to the Business and Waterfront Improvement Area in the principal amount of \$18,535,000, with Series 2003 C issued in the amount of \$17,510,000 and Series 2003 D in the amount of \$1,025,000. The proceeds were used to retire the 2002 Financing Authority Variable Rate Revenue Bonds. The Bonds are payable from tax increment revenues receivable by the Project Area. Principal is payable annually on February 1, with interest payable semi-annually on February 1 and August 1 through February 2032.

##### 2003 Community Improvement Commission Tax Allocation Bonds



## City of Alameda Budget and Forecast

### Budgeted Debt Obligations

On December 1, 2003, the Community Improvement Commission issued Series 2003 A1 and A2 Tax Allocation Bonds in the principal amount of \$37,390,000 and Series 2003 B Subordinated Tax Allocation Bonds in the principal amount of \$9,205,000, for a total original principal amount of \$46,595,000, for the Commission's merged improvement areas. The proceeds were used to finance certain redevelopment projects, to repay a loan of \$2,200,000 for the Project Area, and to finance \$12,200,000 of demolition costs incurred in the Project Area. The Series 2003 A1 and A2 are secured by a pledge of certain tax increment revenues for the Merged Project Area. The Series 2003 B are secured by a subordinate pledge of tax revenues. Interest is payable semiannually on March 1 and September 1 through 2033; principal is payable annually on March 1 through 2033.

As disclosed in the official statements of the 2003 Community Improvement Commission Tax Allocation Refunding Bonds and 2003 Community Improvement Commission Tax Allocation Bonds, the two bond issues are considered parity bonds. The pledge of future tax increment revenues ends upon repayment of the \$119,200,776 in remaining debt service on the Community's Tax Allocation Bonds, scheduled to occur in 2033. As disclosed in the bond indenture, pledged future tax increment revenues are expected to provide coverage over debt service of 1.1 over the life of the Bonds. For FY 09-10, tax increment revenues amounted to \$2,117,422, which represented coverage of 1.56 over the \$1,353,860 in current year debt service.

#### ERAF Loan Program

In April 2006, the Community Improvement Commission borrowed \$695,000 from the California Statewide Communities Development Authority to pay for Educational Revenue Augmentation Fund (ERAF) due to Alameda County. Both principal and interest payments are made semi-annually through March 2016.

#### HUD Section 108 Loan

On January 5, 2006, the City entered into an agreement to borrow \$7,000,000 from the Housing and Urban Development Department. In September 2006, the City drew down \$4,000,000 for the construction of the Alameda Theater Garage Project. In August 2007, the City drew down an additional \$3,000,000 for the same project. Principal and interest payments of both loans are due semi-annually in August and February through 2027. Repayments of the loans are funded by a BEDI grant, parking garage retail and cinema lease revenues.

### **ARRA Long-Term Obligations**

#### 2003 ARRA Variable Rate Demand Revenue Bonds

On December 1, 2003, the Alameda Public Financing Authority issued Variable Rate Revenue Bonds in the original principal amount of \$13,440,000 at a variable rate of interest determined on a weekly basis. The proceeds from the bonds were used to refund the 1999 ARRA Revenue Bonds which were issued to finance the costs of certain improvements at Alameda Point, and to finance professional services for land use planning and other activities required for the redevelopment process at Alameda Point. Repayment of these bonds is from lease revenues paid to ARRA from certain land, buildings, fixtures and equipment. Interest is payable on the first business day of each month.

The pledge of sublease revenues ends upon repayment of the \$13,006,224 in remaining debt service on the Bonds which is scheduled to occur in 2034. As disclosed in the bond indenture documents, pledged future sublease revenues are expected to provide coverage over debt service of 1.5 during the



## City of Alameda Budget and Forecast

### Budgeted Debt Obligations

life of the Bonds. For FY 09-10, sublease revenues amounted to \$11,246,543 which represented coverage of 2331% over the \$482,537 in debt service.

#### **Special Assessment Debt Without City's Commitment**

Paragon Gateway Community Facilities District #2, Harbor Bay Community Facilities District #1 (Harbor Bay Business Park), and the Alameda Public Financing Authority (Marina Village Assessment District Bond Refinancing), have also issued debt, but the City has no legal written liability with respect to the payment of this debt, which is secured by assessments on the properties in these Districts. At June 30, 2010, the combined outstanding debt amount for all of these assessment districts was \$32,140,000.



# City of Alameda Budget and Forecast

## Glossary

**Ad Valorem Tax:** A tax based on value (e.g. a property tax).

**Advance Refunding:** A procedure by which an outstanding debt issue is eliminated from the municipality's gross debt in advance of its natural maturity by issuing a new bond issue to call the existing debt. The proceeds from the new issue are used to purchase U. S. Treasury obligations to secure payments of interest and principal of the "refunded issue" until the outstanding issue is called.

**Appropriation:** An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period, though multi-year appropriations can be established for capital projects and other special purpose funds. Multi-year appropriation authority remains in effect until the amount appropriated has been totally expended or until the fund, program, or project is closed because its assigned purpose has been changed or accomplished.

**Arbitrage:** The simultaneous buying and selling of the same or similar securities taking positive advantage of price variations. With respect to the issuance of municipal bonds, arbitrage usually refers to the difference between the interest paid on the bonds issued and the interest earned by investing the bond proceeds in other securities. Arbitrage profits are permitted on bond proceeds for various temporary periods after issuance of municipal bonds.

**Assessed Valuation:** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**Benefits:** Those benefits paid by the City to employees as conditions of employment. Examples include insurance and retirement benefits.

**Bond (Debt Instrument):** A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

**Budget:** The official financial spending and resource plan submitted by the City Manager and adopted by the City Council.

**Budget Calendar:** The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

**Budget Message:** A written explanation by the City Manager of the approved budget. The budget message explains principal budget and policy issues, and presents an overview of the City Manager's budget recommendations.

**CALPERS:** Public Employees Retirement System provides retirement benefits for the employees of Public Agencies in the State of California.

**Capital Assets:** Expenditures made to acquire, reconstruct, or construct major fixed or capital assets. A fixed asset is a tangible object of a long-term character, which will continue to be held or used, such as land, buildings, machinery, furniture and other equipment. A capital (fixed) asset must be at least \$10,000 in cost and have an expected useful life expectancy of at least four years.

**Capital Improvements:** Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains, and sewers.

**Capital Investment Program (CIP):** A plan for capital expenditures to be incurred each year over a period of five or more future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.



# City of Alameda Budget and Forecast

## Glossary

**Capital Projects Fund:** Capital Projects Funds are used to account for financial resources used in the acquisition or construction of major capital facilities other than those financed by Enterprise or Trust Funds.

**Capital Outlay:** Vehicles, equipment, improvements, software, and furniture purchased by the City which individually amount to an expenditure of more than \$5,000 and which have an expected life of more than two years.

**Carryover:** An unspent appropriation of one fiscal period re-authorized for a subsequent period.

**Charter City:** A city or county which derives its local powers from a legal charter independent of state statutes.

**Community Development Block Grant (CDBG):** Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City's CDBG (special revenue) fund. The City primarily uses these funds for housing rehabilitation, public improvements, and local social programs.

**Community Improvement Commission (CIC):** Purpose of the CIC of the City of Alameda is to eliminate urban blight in the City. The CIC is a component unit of the City; it is controlled by the City, which appoints Agency's Board of Directors. City employees perform all the duties and functions required of the Agency.

**Certificates of Participation (COP):** A certificate of participation is a form of long-term financing which represents a divided share of a lease that is assigned or marketed to investors. These debt instruments typically represent general obligation debt but can also be issued by enterprises.

**Citizen's Option for Public Safety (COPS):** A State-funded program that provides supplemental funding to local jurisdictions for front-line municipal police services.

**COLA:** Cost of Living Adjustment.

**Comprehensive Annual Financial Report (CAFR):** The official financial report of the City. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.

**Consumer Price Index (CPI):** A statistical description of price levels provided by the U.S. Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

**Contingency Account:** Account in which funds are set aside for unforeseen expenditures which may become necessary during the year and which have not been provided for in the context of the annual operating budget.

**Contract Services:** Services provided from the private sector or other public agencies.

**Cost Allocation:** A fair and equitable methodology for identifying and distributing direct and indirect costs among various cost centers based upon some predetermined basis of allocation. In performing the cost allocations, all indirect costs have been allocated to direct cost activities.

**CSMFO:** The California Society of Municipal Finance Officers, a statewide organization of municipal finance professionals. CSMFO annually sponsors a Budget Awards Program, which recognizes municipal budgets in four categories: operating budgets, capital budgets, public communications documents, and innovations in budgeting.

**Debt:** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

**Debt Service:** Payment of interest and repayment of principal to holders of the City's debt according to a pre-determined schedule.





# City of Alameda Budget and Forecast

## Glossary

**Debt Service Fund:** Fund used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

**Delinquent Taxes:** Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may subsequently be waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

**Department:** A major administrative division of the City, which indicates overall management responsibility for an operation or a group of related operations within a functional area. A department usually has more than one program and may have more than one fund.

**Depreciation:** (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset which is charged as an expense during a particular period.

**Developer Fees and Permits:** Fees that are charged for specific services provided by Community Development and Public Services.

**Division:** A program or activity, within a department, that furthers the objectives of the City Council by providing services or products.

**Employee Compensation:** The City has established an employee compensation plan that is designed to attract and retain highly qualified individuals who are capable of delivering a high level of service in a streamlined organization. The City is committed to providing competitive, market based compensation. As part of this policy, market surveys will periodically be performed of similar positions in the local area and salary ranges will be adjusted based upon these surveys. Salary adjustments are periodically provided to employees within their classification survey upon completion of a comprehensive performance appraisal. As part of its employee compensation package, the City offers the following range of benefits (depending on bargaining unit) to its regular full and part-time employees:

|   |   |
|---|---|
| Choice of three medical plans<br>(with employer contributions)                            | Flexible benefits: dependent care,<br>medical spending accounts |
| Paid holidays and leave   | 457 Deferred Compensation Plan                                  |
| Dental coverage   | Life insurance  |
| Wellness program  | Disability insurance  |
| Employee Assistance Program   | Vision insurance  |
| CalPERS Retirement Plan<br>(3% @ 50 for Sworn Employees; 2% @ 55 for all other employees) |   |

There are several employee bargaining groups within the City, and the outcomes from these negotiations have a significant effect on these costs.

**Encumbrances:** Commitments related to contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities but represent the estimated amount of expenditures ultimately to result if contracts in process are completed. A purchase order is a common encumbrance.

**Enterprise Fund:** A fund type used to account for operations that are financed or operated in a manner similar to private business enterprise where the intent of the governing body is that costs of providing goods and services be recovered primarily through user charges.

**ERAF:** This represents an annual shift in property taxes from local government agencies to the State's Educational Revenue Augmentation Fund (ERAF).



# City of Alameda Budget and Forecast

## Glossary

**Expenditures:** Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants entitlement and shared revenues.

**Fiduciary Funds:** Funds used to report assets held in a trustee or agency capacity for others.

**Final Budget:** Term used to describe revenues and expenditures for the upcoming year beginning July 1 as adopted by the City Council.

**Financial Advisor:** A consultant to an issuer of securities who provides the issuer with advice with respect to the structure, timing, terms, or other similar matters concerning a new issue of securities.

**Fiscal Year:** The time period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year. Budgeting is carried out on a fiscal year schedule.

**Fixed Assets:** Assets of a long-term character which are intended to be held or used, such as land, buildings, machinery, furniture, and other equipment.

**FLSA (Fair Labor Standards Act):** The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay and Child Labor Standards for private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor, Wage, and Hour Division.

**Franchise:** A special privilege granted by a government, permitting the continued use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

**Full-time Equivalents (FTE):** The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is paid for 2,080 hours while a .25 FTE employee would work 520 hours per year.

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources and related liabilities, and residual equities or balances and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Accounting:** System used by nonprofit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

**Fund Balance/Equity:** The excess of fund assets and resources over fund liabilities. A portion of the equity of a governmental fund may be reserved or designated; the remainder is referred to as fund balance.

**Governmental Accounting Standards Board (GASB):** Establishes standards for state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

**General Fund:** A specific fund which accounts tax supported activities of the City and other types of activities not elsewhere accounted. In the City budget, this fund is divided into departments. The General Fund is a governmental fund.

**GFOA:** The Government Finance Officers Association of the United States and Canada. GFOA annually sponsors a Distinguished Budget Presentation Awards program and makes awards to those governmental budgets that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

**Goals and Objectives:** Accomplishments a department intends to achieve during the period.



# City of Alameda Budget and Forecast

## Glossary

**Interfund Transfers:** Contributions from one City fund to another in support of activities of the receiving fund. Loans are not included.

**Intergovernmental Revenue:** Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

**Internal Service Fund:** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government or to other governments on a cost-reimbursement basis.

**Lease:** A contract for temporary use of equipment or facilities at a negotiated price.

**Levy:** The total amount of taxes, special assessments, or service charges imposed by a government.

**Long-Term Debt:** Financial obligations with maturity of more than one year after the date of issuance. The City's Debt Policies are as follows:

- The City will limit the use of debt so as not to place a burden on the fiscal resources of the City and its taxpayers.
- The City will limit long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- When capital projects are financed, the City will amortize the debt within a period not to exceed the expected useful life of the project.
- An internal analysis will be conducted for each proposed long-term financing to analyze the impacts of the estimated annual debt service costs on current and future budgets
- External financial advisers and bond counsel will be consulted regarding each proposed bond issue. These parties will be selected in a manner consistent with the City's purchasing policy.
- The debt ratio (debt guaranteed by the General Fund) will not exceed the maximum allowed under state law.

**Long-Term Financial Plan:** A plan which identifies fiscal issues and opportunities, establishes fiscal policies and goals, examines fiscal trends, produces a financial forecast, and provides for feasible solutions.

**Measure B:** Voter approved Measure B to be used for street construction, repair, maintenance and bicycle pathways.

**Municipal Code:** A book containing City Council approved ordinances in effect.

**NPDES (National Pollution Discharge Elimination System):** Permit system established by the U.S. Environmental Protection Agency to regulate discharge of treated sewage, storm water and urban runoff.

**Operating Budget:** Day-to-day costs of delivering City services.

**Operating Transfer:** Routine or recurring transfer of assets between funds.

**Ordinance:** A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

**Performance Measures:** A performance measure is an indicator of the attainment of an objective. It is a specific quantitative measure of work performed or services provided within an activity or program, or it may be a quantitative measure of results obtained through a program or activity.

**Personnel Services:** The classification of all salaries, wages, and fringe benefits expenditures. Fringe benefits include FICA, retirement benefits, hospital and medical insurance, and life insurance.



# City of Alameda Budget and Forecast

## Glossary

**Program:** Organizational units directed to attain specific purposes or objectives.

**Program Activity:** A broad function or a group of similar or related services/activities, having a common purpose.

**Program Budget:** A budget wherein expenditures are displayed based on programs of work, and only secondarily by the character and object class of the expenditure.

**Projected Surplus/Deficit:** The projected surplus/deficit is the net of forecasted receipts and forecasted disbursements. A surplus is the result of receipts exceeding disbursements, and a deficit is the result of disbursements exceeding receipts.

**Proposition 13:** Limits the local property tax rate to a maximum of 1% of a property's assessed market value, rolled back assessments to 1975-76 values, and unless a property was sold, capped the increase in assessed values to 2%. New taxes, such as a parcel tax, must be approved by two-thirds of local voters.

**Proposition 218:** A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

**Proprietary Fund Types:** Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position, and changes in financial position.

**Quimby Act:** The California Legislature first established the Quimby Act in 1965. It provides provisions in the Subdivision Map Act for the dedication of fees and/or parkland. California State law requires developers to dedicate fees or land for public parks at a ratio of 5 acres per 1,000 residents in the new development.

**Redevelopment:** The planning, development, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of such residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

**Reserve:** An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

**Resolution:** An order of a legislative body requiring less formality than an ordinance.

**Retained Earnings:** An equity account reflecting the accumulated earnings of a proprietary (internal service or enterprise) fund.

**Revenue:** Income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income and miscellaneous revenue.

**Revenue Bonds:** Bonds issued pledging future revenues to cover debt payments.

**Risk Management:** An organized attempt to protect an organization's assets against accidental loss in the most cost-effective manner.

**Salaries and Wages:** Amounts paid for personnel services rendered by employees in accordance with rates, hours, terms, and conditions authorized by law or stated in employment contracts. This category also includes overtime and temporary help.

**Special Assessment Bonds:** Bonds payable from the proceeds of special assessments levied on properties.



# City of Alameda Budget and Forecast

## Glossary

**Special Revenue Fund:** A fund used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

**Subventions:** Revenues collected by the State that are allocated to the City on a formula basis. The major subventions received by the City from the State of California include motor vehicle in-lieu and gasoline taxes.

**Supplemental Appropriation:** An appropriation approved by the City Council after the initial budget is adopted.

**Supplies:** Items used to deliver services, such as office supplies, short-lived minor equipment with no material value, periodicals, books, and generic computer software.

**Taxes:** Compulsory charges levied by a government to finance services performed for the common benefit.

**Transfers:** All interfund transactions except loans or advances, quasi-external transactions, and reimbursements.

**Triple Flip:** Proposition 57, the Governor's Economic Recovery Bond bill, was approved by the voters in March 2004. This bill authorized the State to sell \$15 billion of deficit financing bonds to put the budget back in balance. Proposition 57 includes a proposed "triple flip" which essentially swaps one-quarter percent of the local sales tax for an equal amount of "in-lieu" sales tax.

**True Interest Cost:** Under this method of computing the borrower's cost, interest (TIC) cost is defined as the rate, compounded semiannually, necessary to discount the amounts payable on the respective principal and interest maturity dates to the purchase price.

**Trust & Agency Funds:** These funds are used to account for assets held by the City in a trustee capacity or as an agent.

**User Fees:** The payment of a fee for direct receipt of a public service by the person benefiting from the service.

**Vehicle License Fees (VLF):** An annual fee on the ownership of a registered vehicle in California paid to the Department of Motor Vehicles (DMV). The state retains authority over both the amount of revenues that are collected and the method of their distribution to local governments and the Legislature may alter the level of VLF revenue.

**Working Capital:** Net Working Capital is a common accounting formula used for financial analysis. It is defined as current assets minus current liabilities.

**Warrant:** Security, generally short-term in nature, issued by a municipality and used in the payment of bills.

**Workload Measures:** Indicators that quantify the amount of output performed by a department, program or service.

**Yield:** The net annual percentage of income from a municipal bond. The yield reflects interest rate length of time to maturity, amortization of premium or accretion of discount. Also called "yield to maturity".



# City of Alameda Budget and Forecast

## Index

|   | <u>Section/<br/>Page</u> |   | <u>Section/<br/>Page</u> |
|---|--------------------------|---|--------------------------|
| Administrative Services                       | G-H                      | General Fund Budget Summary                   | A                        |
| Alameda Municipal Power                       | O                        | General Fund Expenditure Summary              | A                        |
| Alameda Parks, Facilities and Amenities       | J                        | General Fund Revenue and Expense Trends       | A                        |
| All Funds Budget Summary                      | A                        | General Fund Revenue Summary                  | A                        |
| Appropriations Limit                          | T                        | General Government                            | B-F                      |
| Basis of Accounting                           | T                        | Glossary of Terms                             | T                        |
| Budget Process                                | T                        | Glossary of Terms                             | T                        |
| Budget Summary - All Funds                    | A                        | History of the City                           | xx                       |
| Capital / Maintenance Projects                | Q                        | Housing Department                            | L                        |
| Capital Improvement Project Summary           | A                        | Human Resources                               | H                        |
| City Attorney                                 | C                        | Library                                       | I                        |
| City Clerk                                    | D                        | Library Centers                               | I                        |
| City Council                                  | i                        | Maintenance Project Summary                   | A                        |
| City Council                                  | B                        | Mission Statement, Core Values and Goals      | xiii                     |
| City Manager                                  | E                        | Non-Departmental                              | F                        |
| City Profile and Map                          | xv                       | Other Financial Schedules                     | A                        |
| Citywide Organization Chart                   | xiv                      | Parks and Recreational Facilities             | J                        |
| Community Development                         | K                        | Police  | N                        |
| Community Services                            | I-J                      | Position Classification Summary               | A                        |
| Debt Obligations                              | T                        | Position Summary                              | A                        |
| Debt Policies                                 | T                        | Principal Officers                            | ii                       |
| Debt Service Schedules                        | T                        | Proposed Cuts and Other Changes by Department | A                        |
| Demographic Statistics                        | xix                      | Public Safety Services                        | M-N                      |
| Development Services                          | K-L                      | Public Services                               | O-P                      |
| Expenditure Summary by Department – All Funds | A                        | Public Works                                  | P                        |
| Expenditure Summary by Fund                   | A                        | Recreation and Park                           | J                        |
| Finance                                       | G                        | Resolution for Adoption of Budget             | xii                      |
| Financial Policies                            | T                        | Revenue Assumptions                           | A                        |
| Fire  | M                        | Revenue by Source – General Fund              |                          |
| Fund Information                              | R                        | Revenue Summary by Fund                       | A                        |
| Gann Limit                                    | T                        | Transfer Summary                              | A                        |
| General Fund – Expenditures by Program        | A                        | Transmittal Letter                            | iii                      |
| General Fund – Sources and Uses Charts        | A                        | Trend Information                             | S                        |